

Highlights of the Three Years Ended August 31

	1991	1990	1989
Net Sales	\$89,833,000	\$90,990,000	\$83,932,000
Net Income	\$15,306,000	\$15,490,000	\$15,755,000
Earnings Per Share	\$2.02	\$2.05	\$2.08
Dividends Per Share	\$1.72	\$2.02	\$1.90
Average Number of Shares Outstanding	7,555,948	7,554,154	7,552,114
Shares Outstanding at year-end	7,556,508	7,554,508	7,554,008
Number of Shareholders	2,440	2,538	2,640
Number of Employees	134	136	133

Highlights of Fiscal 1991:

- Current Ratio: 6.3 to 1
- Debt: None
- Net Sales per Employee: \$670,000
- Receivables to Net Sales: 14.8%
- Inventories to Net Sales: 4.8%
- Net Income to Average Net Worth: 38.4%

Letter to the Shareholders

October 15, 1991

To Our Shareholders:

Company sales for fiscal year 1991 reached \$89,833,000, just 1.3% short of last year's record. Net income was \$15,306,000, 1.2% less than last year, and 2.8% below the record we set two years ago. Strong expense control brought the bottom line in at 17.0% of net sales. Net income to average net worth was 38.4%. We view this performance as reasonably good in view of the escalating product cost brought about by the conflict in the Middle East and the difficulty of selling in the face of a depressed economy in most parts of the world. Earnings per share were \$2.02 compared with \$2.05 the previous year. Cash dividends were \$1.72 per share this year versus \$2.02 last year, which included a \$.30 extra dividend.

While sales of the parent Company slipped 6.0% below last year, operating income remained essentially flat. Sales were negatively impacted early in the fiscal year by heavy buying in August 1990 to beat the price increase instituted September 1, 1990. Product cost increases, triggered by the Middle East conflict, negated the effect of the price increase.

Domestic sales were further dampened by the recession, which made the trade very conscious of their inventory levels, thereby shrinking product in the pipeline. Our direct sales force is staying on top of the continually changing marketplace.

Export sales by the parent Company continued to expand, especially in Southeast Asia where the sales and marketing efforts are provided, under contract, by our Australian subsidiary. We now have a sales manager located in Kuala Lumpur, Malaysia to better service Southeast Asia.

The combined sales of our Canadian and Australian subsidiaries were down 2.6% and operating profit was down 14.0%. Poor economic conditions existed in both countries during the year.

Our U.K. subsidiary successfully bucked a serious recession in Europe and a wartime economy in the Middle East to deliver a 27.6% increase in net sales, and a 30.5% gain in operating income over the previous year.

Currently we have sales personnel in Germany and we are implementing plans to expand Company sales personnel representation into France, Italy, and Spain. This will accelerate the exporting of our knowledge of marketing WD-40 and increase sales in these key European countries.

Results for Fiscal Year 1992 will depend to a large extent on the global economy. Unfortunately, forecasts for a sharp upturn of the economy are not on the horizon; hence a robust year is not expected.

Sincerely,



John S. Barry
Chairman and
Chief Executive Officer



Gerald C. Schleif
President,
Chief Operating Officer and
Treasurer

Corporate Objectives

Management is dedicated to the objectives of increasing corporate earnings and dividends by winning the end-users' brand loyalty for your Company's only product, WD-40. The Company would consider adding another product if it is determined that the Company can make a decisive contribution to that product's growth in the area of marketing-distribution. The product would, of course, have to have an attractive profit potential.

The Product

WD-40 is the cornerstone of your Company. It is a chemical-petroleum based maintenance product consumed by end-users in homes, factories, garages, farms and offices throughout the world. The well-established growth pattern of the demand for WD-40 attests to customer satisfaction with its performance.

WD-40 is typically procured for a specific application and, because of its unusual versatility, finds its way into many other uses. This broad range of uses provides your single-product Company with surprising diversification from a marketing point-of-view; it has little dependency on any one or even any group of end-users.

Markets

Because of the wide range of uses of WD-40 by diverse groups of end-users there are a multitude of markets for the product that must be accessed by many trade channels, including automotive, hardware, drug, grocery, industrial and farm. WD-40 is a horizontal product cutting across numerous trade channels. This same pattern holds true in foreign markets.

While domestic sales currently account for approximately two-thirds of total sales, foreign sales are expected to capture a larger share of the total because of their less developed markets.

Competition

Over the years the high visibility of our success in the United States has spawned envy and lured literally hundreds of imitators into the marketplace. WD-40's strong brand loyalty with the end-user has resulted in our withstanding these attempted intrusions even when launched by billion-dollar companies.

In a retail arena the true competition is every product that is competing for shelf space be it anti-freeze, light bulbs or razor blades. To survive and grow our promotional programs must be attractive enough to the trade to win retail display space to capitalize on the impulse nature of WD-40.

Operational Overview

While your Company is technically a manufacturer, it is really a marketer. Such being the case, it is organized to focus intensive management attention on the critical success areas of: (1) sales policies, (2) marketing plan formulation, and (3) implementation of marketing plans. Other vital functions handled internally are order handling, credit, WD-40 concentrate formulation, and quality control.

WD-40 concentrate for North America is formulated in San Diego and shipped by railcar or tank wagon to contract packagers in Los Angeles, Texas, Georgia, Massachusetts, Wisconsin, and Toronto, Canada. These independent subcontractors package WD-40 to rigid specifications and, upon order from your Company, ship ready-to-sell WD-40 to our customers in their respective areas via common carrier. The packagers have no responsibility for marketing WD-40.

The San Diego facility also oversees providing distributors and licensees in Mexico, the Caribbean, Central America, South America, the Pacific Rim and Southeast Asia with finished product or concentrate.

Europe, the Middle East and Africa are served from our European headquarters located in Milton Keynes, England. WD-40 concentrate is formulated there and converted to ready-to-sell WD-40 by three English contract packagers. The language and labeling standards of each of the many countries served by this operation has resulted in the production of over a dozen different WD-40 labels.

Our Australian subsidiary is responsible for marketing WD-40 in Australia, New Zealand, Southeast Asia and the Far East. Sales outside of Australia are recorded by the parent Company.

Report of Independent Accountants

Price Waterhouse



October 9, 1991

To the Board of Directors and Shareholders
of WD-40 Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of WD-40 Company and its subsidiaries at August 31, 1991 and 1990, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 1991, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

San Diego, California

WD-40 Company Consolidated Statement of Income

	Year ended August 31		
	1991	1990	1989
Net sales	\$89,833,000	\$90,990,000	\$83,932,000
Interest income and other (net)	1,406,000	1,910,000	2,084,000
	<u>91,239,000</u>	<u>92,900,000</u>	<u>86,016,000</u>
Cost and expenses:			
Cost of product sold	39,828,000	40,446,000	36,347,000
Selling, general and administrative	17,308,000	17,058,000	15,985,000
Advertising and sales promotion	8,997,000	10,216,000	7,759,000
	<u>66,133,000</u>	<u>67,720,000</u>	<u>60,091,000</u>
Income before income taxes	<u>25,106,000</u>	<u>25,180,000</u>	<u>25,925,000</u>
Provision for income taxes:			
Federal	6,100,000	6,540,000	6,370,000
State	1,500,000	1,400,000	1,600,000
Foreign	2,200,000	1,750,000	2,200,000
	<u>9,800,000</u>	<u>9,690,000</u>	<u>10,170,000</u>
Net income	<u>\$15,306,000</u>	<u>\$15,490,000</u>	<u>\$15,755,000</u>
Earnings per share	\$2.02	\$2.05	\$2.08
Average number of shares outstanding	<u>7,555,948</u>	<u>7,554,154</u>	<u>7,552,114</u>

See accompanying notes to consolidated financial statements.

WD-40 Company Consolidated Balance Sheet

	August 31	
	1991	1990
Assets		
Current assets:		
Cash, including cash equivalents of \$3,500,000 and \$15,100,000	\$ 9,185,000	\$21,619,000
Short-term investments	15,699,000	
Accounts receivable, less allowance for cash discounts and doubtful accounts of \$376,000 and \$546,000	13,330,000	16,369,000
Inventories:		
Finished goods	3,917,000	3,261,000
Raw materials	381,000	402,000
	4,298,000	3,663,000
Prepaid expenses	1,401,000	1,522,000
Total current assets	<u>43,913,000</u>	<u>43,173,000</u>
Property, plant and equipment at cost:		
Land	254,000	254,000
Buildings and improvements	1,561,000	1,530,000
Machinery and equipment	3,107,000	3,138,000
	4,922,000	4,922,000
Less accumulated depreciation	(1,917,000)	(1,979,000)
	3,005,000	2,943,000
Other assets	834,000	669,000
	<u>\$47,752,000</u>	<u>\$46,785,000</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,812,000	\$ 3,696,000
Accrued payroll and related expenses	1,812,000	1,897,000
Income taxes payable	1,302,000	2,041,000
Total current liabilities	<u>6,926,000</u>	7,634,000
Deferred income taxes	137,000	200,000
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock, no par value, 9,000,000 shares authorized – shares issued and outstanding of 7,556,508 and 7,554,508	2,633,000	2,594,000
Paid-in capital	121,000	121,000
Retained earnings	38,049,000	35,739,000
Cumulative foreign currency translation adjustment	(114,000)	497,000
Total shareholders' equity	<u>40,689,000</u>	38,951,000
	<u>\$47,752,000</u>	<u>\$46,785,000</u>

See accompanying notes to consolidated financial statements.

WD-40 Company Consolidated Statement of Shareholders' Equity

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Cumulative Translation Adjustment
Balance at August 31, 1988	7,544,368	\$2,390,000	\$121,000	\$34,104,000	(\$125,000)
Issuance of common stock	9,640	194,000			
Cash dividends				(14,351,000)	
Change in cumulative translation adjustment					(267,000)
Net income				15,755,000	
Balance at August 31, 1989	7,554,008	2,584,000	121,000	35,508,000	(392,000)
Issuance of common stock	500	10,000			
Cash dividends				(15,259,000)	
Change in cumulative translation adjustment					889,000
Net income				15,490,000	
Balance at August 31, 1990	7,554,508	2,594,000	121,000	35,739,000	497,000
Issuance of common stock	2,000	39,000			
Cash dividends				(12,996,000)	
Change in cumulative translation adjustment					(611,000)
Net income				15,306,000	
Balance at August 31, 1991	<u>7,556,508</u>	<u>\$2,633,000</u>	<u>\$121,000</u>	<u>\$38,049,000</u>	<u>(\$114,000)</u>

See accompanying notes to consolidated financial statements.

WD-40 Company Consolidated Statement of Cash Flows

	Year ended August 31		
	1991	1990	1989
Cash flows from operating activities:			
Net income	\$15,306,000	\$15,490,000	\$15,755,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	472,000	485,000	449,000
Loss (gain) on sale of equipment	214,000	4,000	(20,000)
Decrease (increase) in accounts receivable	2,768,000	(1,469,000)	(305,000)
(Increase) decrease in inventories	(798,000)	(339,000)	379,000
Decrease (increase) in prepaid expenses	75,000	(276,000)	(44,000)
(Increase) in other assets	(165,000)	(137,000)	(81,000)
Increase in accounts payable and accrued expenses	211,000	1,019,000	617,000
(Decrease) in income taxes payable	(657,000)	(279,000)	(205,000)
(Decrease) increase in long-term deferred income taxes	(44,000)	41,000	(76,000)
Net cash provided by operating activities	<u>17,382,000</u>	<u>14,539,000</u>	<u>16,469,000</u>
Cash flows from investing activities:			
Purchase of short-term investments	(15,699,000)		
Proceeds from sale of equipment	279,000	108,000	28,000
Capital expenditures	(1,078,000)	(446,000)	(1,388,000)
Net cash used in investing activities	<u>(16,498,000)</u>	<u>(338,000)</u>	<u>(1,360,000)</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock	39,000	10,000	194,000
Dividends paid	(12,996,000)	(15,259,000)	(14,351,000)
Net cash used by financing activities	<u>(12,957,000)</u>	<u>(15,249,000)</u>	<u>(14,157,000)</u>
Effect of exchange rate changes on cash			
(Decrease) increase in cash and cash equivalents	(361,000)	264,000	(190,000)
Cash and cash equivalents at beginning of year	(12,434,000)	(784,000)	762,000
Cash and cash equivalents at end of year	<u>21,619,000</u>	<u>22,403,000</u>	<u>21,641,000</u>
	<u>\$ 9,185,000</u>	<u>\$21,619,000</u>	<u>\$22,403,000</u>

See accompanying notes to consolidated financial statements.

Note 1 — Summary of Accounting Policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WD-40 Products (Canada) Ltd., WD-40 Company Ltd. (U.K.) and WD-40 Company (Australia) Pty. Ltd. All significant intercompany transactions and balances have been eliminated.

Inventories

Inventories are stated at the lower of average cost or market.

Depreciation

Depreciation has been computed using straight-line and accelerated methods, based upon estimated useful lives of thirty to forty years for buildings and improvements and three to fifteen years for machinery and equipment.

Foreign Currency Translation

The accounts of the Company's foreign subsidiaries have been translated into United States dollars at appropriate rates of exchange. Cumulative translation gains or losses are recorded as a separate component of shareholders' equity. Gains or losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's local currency) are included in the consolidated statement of income and are not material.

Earnings Per Share

Earnings per share are based upon the weighted average number of shares outstanding during each year increased by the effect of dilutive stock options, when applicable, using the treasury stock method.

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax liability or asset is established for the expected future tax consequences resulting from differences in the financial reporting and tax bases of assets and liabilities. Deferred income tax expense is the net change during the year in the deferred income tax asset and liability.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Short-term Investments

Short-term investments are valued at cost which approximates fair market value.

Note 2 — Business Segment and Foreign Operations:

The Company operates in one business segment – the manufacture and sale of a multi-purpose lubricant principally through chain stores, automotive parts outlets and industrial distributors and suppliers.

Information regarding the Company's operations in different geographic areas is summarized below. WD-40 Company (U.S.) includes all domestic and intercompany sales, as well as sales to the Caribbean, Mexico, South America and the Pacific Rim, except for Australia. WD-40 Company Ltd. (U.K.) includes sales to Europe, the Middle East and Africa. WD-40 Products (Canada) Ltd. and WD-40 Company (Australia) Pty. Ltd. are included in other foreign subsidiaries. Substantially all sales by these operations are to customers within Canada and Australia.

	Year ended August 31		
	1991	1990	1989
Net sales:			
WD-40 Company (U.S.)	\$66,783,000	\$71,046,000	\$62,870,000
WD-40 Company Ltd. (U.K.)	15,019,000	11,774,000	12,490,000
Other foreign subsidiaries	9,090,000	9,331,000	9,828,000
Intercompany	(1,059,000)	(1,161,000)	(1,256,000)
	<u>\$89,833,000</u>	<u>\$90,990,000</u>	<u>\$83,932,000</u>
Operating profit:			
WD-40 Company (U.S.)	\$19,125,000	\$19,130,000	\$18,408,000
WD-40 Company Ltd. (U.K.)	2,975,000	2,280,000	3,203,000
Other foreign subsidiaries	1,600,000	1,860,000	2,230,000
Interest income and other (net)	1,406,000	1,910,000	2,084,000
Income before income taxes	<u>\$25,106,000</u>	<u>\$25,180,000</u>	<u>\$25,925,000</u>
Identifiable assets:			
WD-40 Company (U.S.)	\$33,186,000	\$33,218,000	\$33,925,000
WD-40 Company Ltd. (U.K.)	9,202,000	8,311,000	6,670,000
Other foreign subsidiaries	5,364,000	5,256,000	4,045,000
	<u>\$47,752,000</u>	<u>\$46,785,000</u>	<u>\$44,640,000</u>

Note 3 — Income Taxes:

The provision for income taxes has been computed in accordance with Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes" (SFAS 96). The Financial Accounting Standards Board (FASB) has recently issued an Exposure Draft of a Statement that would supersede SFAS 96. Both SFAS 96 and the Exposure Draft require implementation of the liability method for computing income taxes. The effect on the financial statements upon implementation of the Exposure Draft is not considered to be significant.

The provision for income taxes includes the following:

	Year ended August 31		
	1991	1990	1989
Current tax provision:			
United States	\$ 6,106,000	\$ 6,480,000	\$ 6,317,000
State	1,500,000	1,400,000	1,600,000
Foreign	2,263,000	1,676,000	2,285,000
Total current	<u>9,869,000</u>	<u>9,556,000</u>	<u>10,202,000</u>
Deferred tax provision (benefit):			
United States	(6,000)	60,000	53,000
Foreign	(63,000)	74,000	(85,000)
Total deferred	<u>(69,000)</u>	<u>134,000</u>	<u>(32,000)</u>
	<u>\$ 9,800,000</u>	<u>\$ 9,690,000</u>	<u>\$10,170,000</u>

The major temporary differences that gave rise to deferred taxes are the state tax provision, the allowances for cash discounts and doubtful accounts, and depreciation. The deferred tax assets and liabilities are reflected in the consolidated balance sheet as follows:

	Year ended August 31		
	1991	1990	1989
Current assets			
Non-current liabilities	\$ 550,000	\$ 544,000	\$ 607,000
	(137,000)	(200,000)	(129,000)
	<u>\$ 413,000</u>	<u>\$ 344,000</u>	<u>\$ 478,000</u>

A reconciliation of the provision for income taxes to the amount computed by applying the statutory federal income tax rate to income before income taxes follows:

	Year ended August 31		
	1991	1990	1989
Amount computed at U.S. statutory federal rate			
State income taxes, net of federal benefit	\$ 8,536,000	\$ 8,561,000	\$ 8,815,000
	990,000	924,000	1,056,000
Net effect of foreign income tax effective rates higher than U.S. statutory federal rate	274,000	205,000	299,000
	<u>\$ 9,800,000</u>	<u>\$ 9,690,000</u>	<u>\$10,170,000</u>

Income taxes paid in 1991, 1990 and 1989 amounted to \$10,270,000, \$11,304,000 and \$10,114,000, respectively.

Note 4 — Stock Options:

The Company adopted an Incentive Stock Option Plan in 1981 whereby the Board of Directors may grant officers and key employees options to purchase an aggregate of not more than 240,000 shares of the Company's common stock at a price not less than 100 percent of the fair market value of the stock at the date of grant. Options are exercisable one year after grant and may not be granted for terms in excess of ten years. At August 31, 1991, options for 136,493 shares were outstanding, options for 128,853 shares were exercisable and 13,300 shares were available for future grants.

During fiscal year 1991, the Company's shareholders approved the 1990 Incentive Stock Option Plan whereby officers and key employees may be granted options to purchase not more than 240,000 shares of the Company's common stock upon the same terms and conditions as the 1981 Incentive Stock Option Plan. At August 31, 1991, options for 47,898 shares were outstanding, no options for shares were exercisable, and 192,102 shares were available for future grants.

A summary of the changes in options outstanding under both the 1981 and 1990 Incentive Stock Option Plans during the three years ended August 31, 1991 is as follows:

	Number of shares	Option price per share
Outstanding at August 31, 1988	86,831	\$19.50-\$34.25
Options granted	33,400	\$30.68
Options exercised	(9,640)	\$19.50-\$21.38
Options canceled	(1,700)	\$30.68
Outstanding at August 31, 1989	108,891	\$19.50-\$34.25
Options granted	42,600	\$31.88
Options exercised	(500)	\$19.50
Options canceled	(4,200)	\$29.50-\$34.25
Outstanding at August 31, 1990	146,791	\$19.50-\$34.25
Options granted	54,700	\$24.50
Options exercised	(2,000)	\$19.50
Options canceled	(15,100)	\$24.50-\$34.25
Outstanding at August 31, 1991	184,391	\$19.50-\$34.25

Note 5 — Employee Benefit Plans:

The Company has a Profit Sharing Plan for the benefit of its regular full-time employees. The Plan provides for annual contributions into a trust which are based upon an annual earnings formula, or a greater amount as approved by the Board of Directors, but which may not exceed the amount deductible for income tax purposes. The Plan may be amended or discontinued at any time by the Company. Profit sharing expense for 1991, 1990 and 1989 approximated \$829,000, \$788,000 and \$511,000, respectively.

The Company has a Salary Deferral Employee Stock Ownership Plan whereby regular full-time employees who have completed three years of service can defer a portion of their income through contributions to a trust. The Plan provides for Company contributions to the trust, as approved by the Board of Directors, equal to fifty percent or more of the compensation deferred by employees, but not in excess of the amount deductible for income tax purposes. Employee and Company contributions to the trust are invested in the Company's common stock. The Plan may be amended or discontinued at any time by the Company. Company contribution expense for 1991, 1990 and 1989 was approximately \$34,000, \$23,000 and \$18,000, respectively.

Note 6 — Commitments and Contingencies:

On February 17, 1989 an action was brought against the Company by eight former manufacturers' representatives and their respective affiliated corporations. Pretrial motions by the Company resulted in dismissal of all causes of actions brought by the individual plaintiffs, leaving only those causes of action brought by the affiliated corporations. The corporate plaintiffs seek damages in the maximum stated amount of \$3,000,000 each. The action arises out of the alleged wrongful termination of the plaintiffs' contracts when the Company replaced all of its United States manufacturers' representatives with an in-house sales force in November, 1988. Based on the advice of counsel that the contracts were lawfully terminated, management is of the opinion that the matter is not likely to have a material adverse effect on the financial position of the Company.

The Company is party to various other claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or will not have a material adverse effect on the Company's financial position.

The Company was committed under certain noncancelable operating leases at August 31, 1991 which provide for the following minimum lease payments: 1992, \$122,000; 1993, \$116,000; 1994, \$27,000; 1995, \$22,000; 1996, \$22,000. Rent expense for the years ended August 31, 1991, 1990 and 1989 approximated \$190,000, \$160,000 and \$118,000, respectively.

Note 7 — Subsequent Event:

On September 30, 1991 the Company declared an additional cash dividend of \$.30 per share payable on October 30, 1991 to shareholders of record on October 10, 1991. The dividend was declared in addition to the Company's regular quarterly cash dividend of \$.43 per share.

Quarterly Financial Information (Unaudited)

The following table sets forth certain unaudited quarterly financial information for the two years ended August 31, 1991.

Quarter ended:	Net Sales	Gross Profit	Net Income	Earnings Per Share
November 30, 1989	\$19,103,000	\$10,817,000	\$ 3,385,000	\$.45
February 28, 1990	22,543,000	12,635,000	3,651,000	.48
May 31, 1990	21,213,000	11,359,000	2,507,000	.33
August 31, 1990	28,131,000	15,733,000	5,947,000	.79
	<u>\$90,990,000</u>	<u>\$50,544,000</u>	<u>\$15,490,000</u>	<u>\$ 2.05</u>
November 30, 1990	\$18,834,000	\$10,385,000	\$ 2,298,000	\$.30
February 28, 1991	24,417,000	13,128,000	4,013,000	.53
May 31, 1991	21,646,000	12,077,000	3,865,000	.51
August 31, 1991	24,936,000	14,415,000	5,130,000	.68
	<u>\$89,833,000</u>	<u>\$50,005,000</u>	<u>\$15,306,000</u>	<u>\$ 2.02</u>

Stock Information

Period:	Fiscal 1991			Fiscal 1990		
	High	Low	Dividend	High	Low	Dividend
First Quarter	\$28 ¹ / ₄	\$23 ³ / ₄	\$.43	\$36 ¹ / ₂	\$31 ¹ / ₂	\$.43
Second Quarter	28 ³ / ₄	23 ³ / ₄	.43	34 ¹ / ₂	30 ³ / ₄	.43
Third Quarter	32 ³ / ₄	24 ¹ / ₄	.43	32	30	.73
Fourth Quarter	34	30	.43	31 ³ / ₄	26	.43

The high and low sales prices are as quoted in the Wall Street Journal.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The results of operations, as summarized in Note 2 to the consolidated financial statements, are discussed below.

WD-40 Company (U.S.)

1991 vs. 1990

Net sales in 1991 decreased \$4.3 million or 6.0%, compared to 1990. Factors that contributed to this decline include:

1. A sluggish U.S. economy that had a significant impact at the trade level prompting reduced inventories and a major reduction in consumer spending.
2. The fourth quarter of fiscal 1991 did not have the sales advantage of the anticipated price increase as in fiscal 1990, which accelerated sales almost \$3.7 million higher than in 1991.

The sales outlook for fiscal year 1992 is cautiously optimistic, provided the economy continues to show signs of improvement.

Cost of product sold of 44.3% of net sales was flat compared to last year, even though there was a 9% price rise effective September 1, 1990. During the first two quarters of 1991 costs of petroleum based ingredients and related services were adversely impacted by the Middle East crisis. During the last half of the fiscal year, costs did return to near "normal levels" and should provide the basis for a reduced cost of product sold as a percentage of net sales in fiscal year 1992.

Operating profit decreased a mere \$5,000 in 1991, however as a percentage of net sales it increased from 27.4% in 1990 to 28.6% in 1991. The improvement was due to the successful implementation of the Company's plan to control selling, general and administrative expenses and to reduce advertising and sales promotion expenses.

1990 vs. 1989

Net sales in 1990 increased \$8.3 million or 13.4%, compared to 1989. This increase was due primarily to a strong performance during the fourth quarter by the direct sales force, and to an increase in export sales to the Caribbean, Mexico, and Southeast Asia. Also contributing to this sales increase was a heavy buy during August, in anticipation of the September 1 price increase of approximately 9%.

Cost of product sold, as a percentage of net sales, increased from 42.8% to 44.3% during 1990 due principally to increases in the chemical and petroleum based ingredients as well as in the cost of aerosol packaging.

Operating profit increased \$722,000 or 3.9%, compared to 1989. However, as a percentage of net sales, it decreased from 29.9% to 27.4% in 1990. Also, as a percentage of net sales, there was a reduction in selling, general and administrative expense from 18.9% to 18.1%, which was offset by an increase in advertising and sales promotion from 8.4% to 10.3%.

WD-40 Company Ltd. (U.K.)

1991 vs. 1990

Net sales for 1991 increased \$3.2 million or 27.6%, compared to 1990 due primarily to strong promotion support by the trade, despite a continuing recession. Additionally, the Middle East and European sales rallied the latter half of the year to register a strong gain over 1990. There were no price increases in the U.K. during 1991, however there were isolated price increases of approximately 5% to some distributors in Europe. In addition, the British pound did strengthen against the U.S. dollar as the average exchange rate increased by 7.4%.

Cost of product sold, as a percentage of sales, went from 44.0% in 1990 to 45.3% in 1991 due primarily to an increase in the petroleum based ingredients caused by the Middle East crisis.

Operating profit increased \$695,000 or 30.5%, compared to 1990. As a percentage of net sales, selling, general and administrative expense went up to 24.1% versus 22.2% in 1990, and advertising and promotions went down to 11.3% from 14.4% in 1990. Therefore, the net effect was to level out operating profit as a percentage of net sales to 19.8% in 1991 compared to 19.4% in 1990. Foreign currency transactions from sales to the Middle East recorded in U.S. dollars resulted in a gain of \$64,000 in 1991 versus a loss of \$197,000 in 1990.

The Company continues to move toward its goal of becoming the "Brand Leader" in Europe by appointing 3 salesmen in France, effective September 1st, and will appoint 2 salesmen each for Spain and Italy by the year end. WD-40 Company anticipates having a total of 11 people working in the key European countries by January 1992.

1990 vs. 1989

Net sales for 1990 decreased \$716,000 or 5.7%, compared to 1989. High interest rates in the U.K. have leveled off, however, they continue to impact the trade customers who are reluctant to carry large inventories. Sales to the balance of Europe and the Middle East were also down slightly from 1989.

Operating profit decreased \$923,000 or 28.8%, compared to 1989 due to sales falling short of planned objectives. This caused budgeted operating expenses to increase as a percentage of sales, thereby reducing profit before taxes. Sales to the Middle East are recorded in U.S. dollars. These foreign currency transactions resulted in exchange losses of approximately \$197,000 in 1990 compared to an exchange gain of approximately \$91,000 in 1989.

Management has set an objective to establish WD-40 as the "Brand Leader" in Europe. The first step in that direction was to allow the exclusive contract with our German distributor to lapse. In March 1990 a Company salesman was hired and he will work with that ex-distributor, and will also expand other distribution channels throughout Germany.

Other Foreign Subsidiaries

1991 vs. 1990

Net sales for 1991 decreased \$241,000 or 2.6%, compared to 1990 due to continued recessionary economies.

Australia had a price increase of approximately 6%, effective January 1991 and Canada increased their prices approximately 7%, effective July 1991.

Cost of product sold as a percentage of sales decreased in Canada due to reduced labor and component charges, while in Australia the January price increase helped reduce their costs of product sold as a percentage of sales.

Operating profit decreased \$260,000 or 14.0%, nearly all of which fell within the Australian subsidiary. Australian sales fell short of planned objective while operating expenses increased to budgeted levels, thereby reducing profit before taxes.

1990 vs. 1989

Net sales for 1990 decreased \$497,000 or 5.1%, compared to 1989. The decrease in sales was due to recessionary economies causing reductions in trade support of our promotional activities and to some temporary competitive activity in Australia.

Operating profit for 1990 decreased \$370,000 or 16.6%, compared to 1989, as a result of operational expenditures being continued at budgeted levels in spite of the decline in net sales. Advertising and sales promotional expenses through Australia also increased in support of increased sales into Southeast Asia.

Interest Income and Other (Net)

1991 vs. 1990

Interest income and other (net) for 1991 decreased \$504,000 or 26.4%, compared to 1990 primarily due to the settlement of two product liability cases and to significantly lower interest rates. To help offset the lower interest rates and to safely increase its return, the Company expanded the Treasury guidelines to allow investment in instruments other than Certificates of Deposit.

1990 vs. 1989

Interest income and other (net) for 1990 decreased \$174,000 or 8.3%, compared to 1989 due to lower interest rates on lesser amounts of cash invested and to foreign currency transaction losses in the U.K.

Liquidity and Capital Resources

The Company has not experienced significant change in liquidity since August 31, 1990. The current ratio of 6.3 to one at August 31, 1991 was slightly higher than the ratio of 5.7 to one at August 31, 1990. The Company's primary source of liquidity is funds provided by operations. The Company had no borrowings outstanding at August 31, 1991. The Company's cash flows from operations are expected to provide sufficient funds to meet both short and long-term operating needs, as well as future dividends. Capital expenditures for 1992 are expected to total approximately \$500,000, principally for replacement of aged vehicles and other equipment.

Ten Year Summary (1)

Fiscal Year Ended August 31

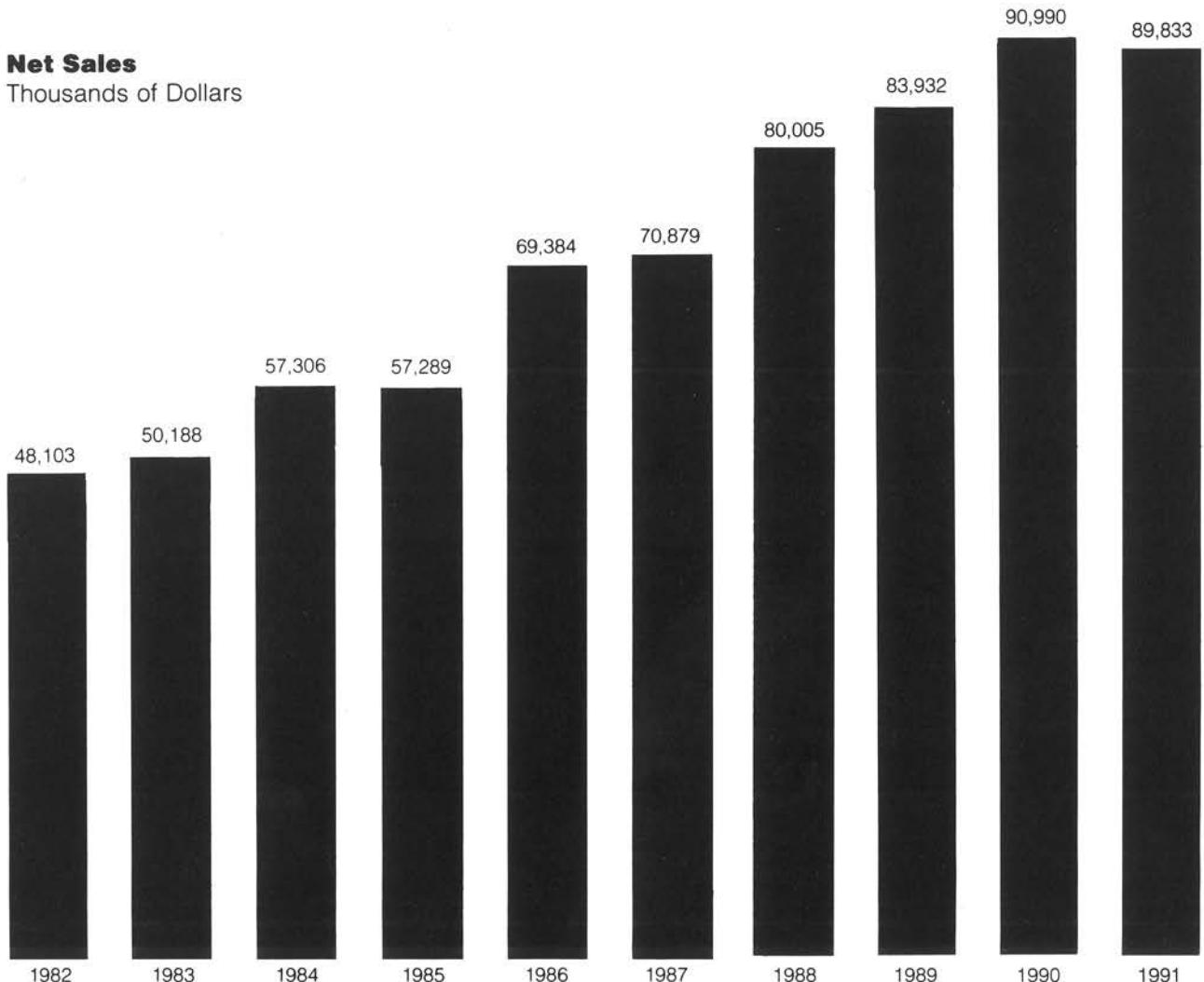
	1982	1983	1984
Net sales	\$48,103,000	\$50,188,000	\$57,306,000
Cost of product sold	20,467,000	21,781,000	24,060,000
Gross profit	27,636,000	28,407,000	33,246,000
Selling, advertising, general and administrative expenses	11,253,000	13,647,000	14,318,000
Interest income and other (net)	1,712,000	1,333,000	1,515,000
Income before income taxes	18,095,000	16,093,000	20,443,000
Provision for income taxes (2)	9,130,000	8,119,000	10,381,000
Net income	\$ 8,965,000	\$ 7,974,000	\$10,062,000
Earnings per share (3)	\$1.21	\$1.07	\$1.35
Average number of shares outstanding	7,434,834	7,453,598	7,476,546
Dividends per share (4)	\$.68	\$.75	\$.84
Total assets	\$22,916,000	\$24,698,000	\$30,290,000
Number of employees	37	38	39

(1) Includes the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. See Management's Discussion and Analysis of the Last Three Fiscal Years of Operations on page 13.

(2) The provision for income taxes has been computed in accordance with Statement of Financial Accounting Standards No. 96, "Accounting For Income Taxes" beginning in fiscal 1988, the adoption of which did not have a material effect on the results of operations or financial position. Prior to fiscal 1988 the provision for income taxes was computed in accordance with Accounting Principles Board Opinion No. 11, "Accounting For Income Taxes."

Net Sales

Thousands of Dollars



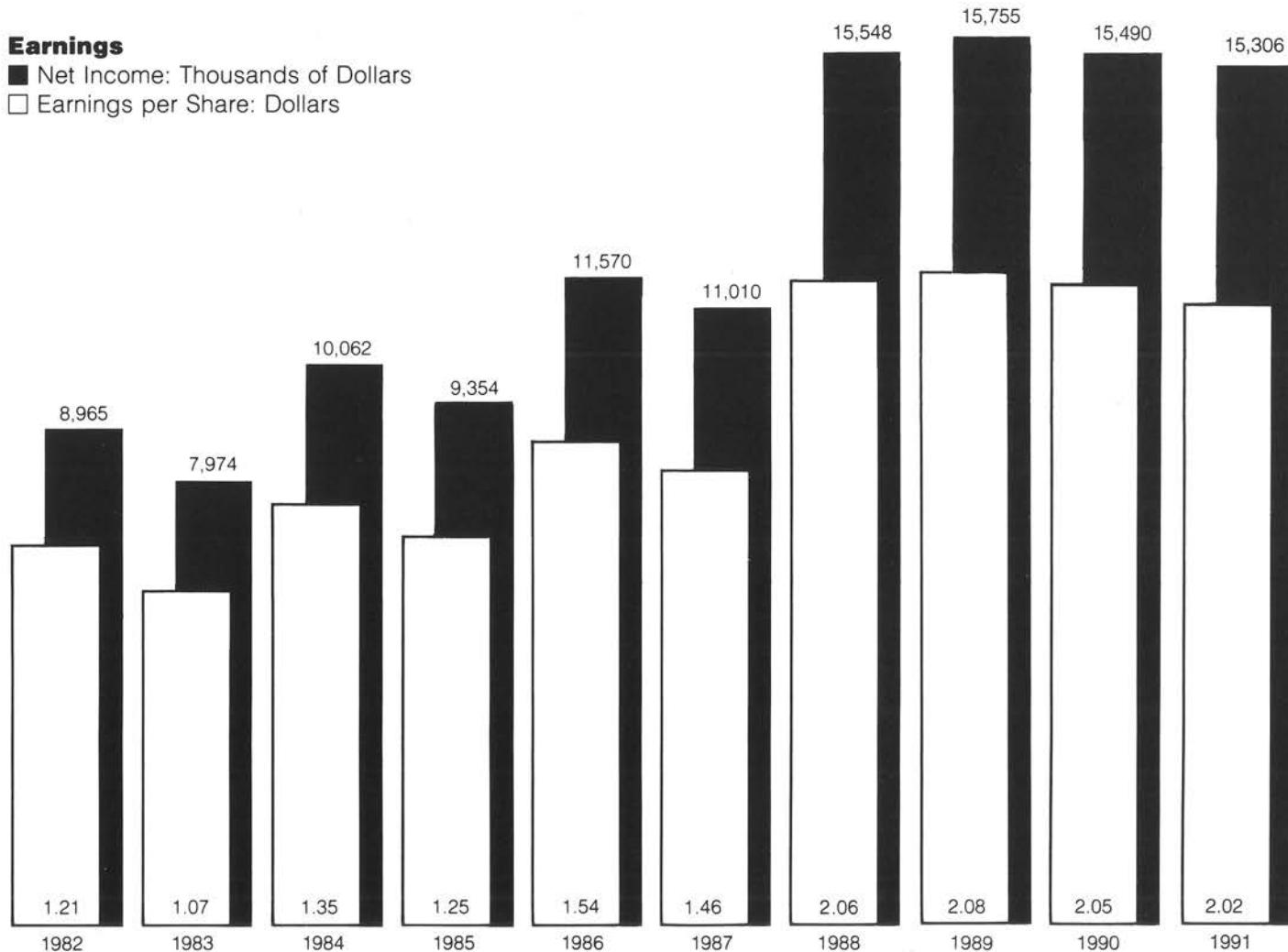
1985	1986	1987	1988	1989	1990	1991
\$57,289,000	\$69,384,000	\$70,879,000	\$80,005,000	\$83,932,000	\$90,990,000	\$89,833,000
24,403,000	29,370,000	30,185,000	33,931,000	36,347,000	40,446,000	39,828,000
32,886,000	40,014,000	40,694,000	46,074,000	47,585,000	50,544,000	50,005,000
15,053,000	18,620,000	21,009,000	21,891,000	23,744,000	27,274,000	26,305,000
1,505,000	1,259,000	988,000	1,235,000	2,084,000	1,910,000	1,406,000
19,338,000	22,653,000	20,673,000	25,418,000	25,925,000	25,180,000	25,106,000
9,984,000	11,083,000	9,663,000	9,870,000	10,170,000	9,690,000	9,800,000
\$ 9,354,000	\$11,570,000	\$11,010,000	\$15,548,000	\$15,755,000	\$15,490,000	\$15,306,000
\$1.25	\$1.54	\$1.46	\$2.06	\$2.08	\$2.05	\$2.02
7,498,024	7,503,679	7,516,652	7,527,507	7,552,114	7,554,154	7,555,948
\$.90	\$1.04	\$1.47	\$1.63	\$1.90	\$2.02	\$1.72
\$32,871,000	\$38,506,000	\$39,149,000	\$43,312,000	\$44,640,000	\$46,785,000	\$47,752,000
49	56	61	79	133	136	134

(3) Earnings per share have been computed based upon the weighted average number of shares of common stock outstanding during each year after giving retroactive effect to the three for one stock split in April 1983.

(4) The cash dividends paid per share have been retroactively restated to give effect to the April 1983 stock split.

Earnings

■ Net Income: Thousands of Dollars
 □ Earnings per Share: Dollars



Corporate Information

Board of Directors

John S. Barry	Chairman and Chief Executive Officer, WD-40 Company
Sam Crivello	Investor
Daniel W. Derbes	President, Signal Ventures
Harlan F. Harmsen	Secretary, WD-40 Company
Jack L. Heckel	President and Chief Operating Officer, Gen Corp.
Margaret L. Roulette	Investor
Gerald C. Schleif	President, Chief Operating Officer and Treasurer, WD-40 Company
C. Fredrick Sehnert	Chairman and Chief Executive Officer, Laser Precision Corp.
Edward J. Walsh	President, The Sparta Group Ltd.

Officers

John S. Barry	Chairman and Chief Executive Officer
Gerald C. Schleif	President, Chief Operating Officer and Treasurer
Paul A. Thompson	Vice President-Sales and Marketing, North America
Harlan F. Harmsen	Secretary
Robert D. Gal	Assistant Secretary

General Counsel

Harmsen, Carpenter, Sidell & Olson
A Professional Corporation

Independent Accountants

Price Waterhouse
San Diego, California

Transfer Agent & Registrar

Union Bank
8155 Mercury Court
San Diego, California 92112

Annual Meeting

2:00 PM, December 2, 1991
Mission Room
Mission Valley Inn
875 Hotel Circle South
San Diego, California 92108

Corporate Office

1061 Cudahy Place
San Diego, California 92110
619/275-1400

Subsidiaries

WD-40 Products (Canada) Ltd.
WD-40 Company Ltd. (U.K.)
WD-40 Company (Australia) Pty. Ltd.

Listed

Over the Counter
NASDAQ National Market System
Symbol WDFC

Copy of Form 10-K

Beneficial owners may obtain without charge a copy of WD-40 Company's annual report on Form 10-K filed with the Securities and Exchange Commission for 1991 by writing to the Secretary, WD-40 Company, 1061 Cudahy Place, San Diego, California 92110.

